

What's New with New Starts



***PMO Spring 2006 Meeting
April 27, 2006***

KEY SAFETEA-LU Provisions

- Regulation for “Small Starts” Evaluation and Rating Process
- Policy Guidance on Fixed Guideway Capital Project Review and Evaluation Process and Criteria
- Before and After Study Requirement and Report
- Contractor Performance Assessment Report
- Ridership and Cost Estimate Incentives – Higher match for projects w/ estimates within 10% of original forecasts
- “Reliability of Forecasts” as new New Starts criteria

FTA Proposed Policy and Regulatory Response

- Project Development Agreements
- “Real Time” BnA Documentation and Analysis
- Incorporating Risk into the Evaluation Process
- Reporting of Risks and Uncertainties
- Proposed PE Purpose and Exit Criteria
- Capping New Starts Share at Final Design

Reliability of Forecasts

New Rating Criteria

Purpose: To support informed decision-making by understanding the uncertainty (risk) in evaluation measures

- Land use - current vs. plans and policies
- Forecasting methods - ridership and costs
- Peer project experience
- Funding reliability/ability to absorb cost increases or funding shortfalls

Reporting of Uncertainties

- “Require forecasts of costs and benefits to include an analysis of uncertainties”
- Rationale
 - Responds to SAFETEA-LU emphasis on reliability of estimates of costs and benefits
 - Supports requirement for Contractor Performance Assessment reporting
 - Acknowledges elements of uncertainties for strengthening decisionmaking and focusing project development activities
- Proposed Implementation
 - Submitted analysis of uncertainties at time of PE/FD request, annual New Starts evaluations

Preliminary Engineering Purpose and Exit Criteria

- Sufficient to complete NEPA
- Firm cost estimate without significant unknown impacts
- Cost sufficient to support financing strategy
- Supports proposed policy of fixing new starts amount at Final Design Approval
- FTA Guidance on completing PE